LEWIS, POE, MOELLER, GUNDERSON & ROBERTS, LLC
CERTIFIED PUBLIC ACCOUNTANTS
1121 ADAMS AVENUE • P.O. BOX 1024
LA GRANDE, OREGON 97850-1024

October 5, 2017

To the City Council
City of Elgin

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Elgin for the year ended June 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 5, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Elgin are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2017. We noted no transactions entered into by the City of Elgin during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

> Management's estimate of the useful life of capital assets is based on prior history and/or projections derived from the industry. We evaluated the key factors and assumptions used to develop the useful life of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. See the "Adjusting Journal Entries" (attached) that we proposed during the course of our audit. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 5, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as City of Elgin's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to report on the supplementary information, which accompany the financial statements, but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the modified cash basis of accounting, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory section, which accompanies the financial statements but is not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express and opinion or provide assurance on it.

Restrictions on Use

This information is intended solely for the use of the City Council and management of the City of Elgin and is not intended to be and should not be used by anyone other than these specified parties.

Lewis, Poe, Moeller, Gunderson & Roberts, LLC

LEWIS, POE, MOELLER, GUNDERSON & ROBERTS, LLC

CITY OF ELGIN, OREGON
Adjusting Journal Entries
June 30, 2017

Account #	Description	AJE #	Debit	Credit	W/P Ref.
1-508-80-00-01	Ending Fund Balance	(1)	20,958.00		
1-308-80-00-01	Beginning Fund Balance	(1)		20,958.00	
420-308-80-00-51	Beginning Fund Balance	(1)	1,853.00		
420-508-80-00-51	Ending Fund Balance	(1)		1,853.00	
3-308-80-00-03	Beginning Fund Balance	(1)		678.00	
3-508-80-00-03	Ending Fund Balance	(1)	678.00		
5-308-80-00-05	Beginning Fund Balance	(1)	22,354.00		
5-508-80-00-05	Ending Fund Balance	(1)		22,354.00	
101-308-80-00-11	Beginning Fund Balance	(1)	1,475.00		
101-508-80-00-11	Ending Fund Balance	(1)		1,475.00	
7-308-00-00-01	Beginning Fund Balance	(1)		1,718.00	
7-508-80-00-07	Ending Fund Balance	(1)	1,718.00		
401-308-80-00-41	Beginning Fund Balance	(1)	809.00		
401-508-80-00-41	Ending Fund Balance	(1)		809.00	
410-308-80-00-44	Beginning Fund Balance	(1)	263.00		
410-508-80-00-44	Ending Fund Balance	(1)		263.00	
412-308-80-00-46	Beginning Fund Balance	(1)	1,718.00		
412-508-80-00-46	Ending Fund Balance	(1)		1,718.00	
	To adjust beginning fund balance to prior report				
412-582-35-83-00	Long Term Debt: Interest	(2)	4,184.00		
412-582-35-71-00	Refunding Bond Series 1997A $40,000	(2)		2,523.00	
412-582-35-71-01	Refunding Bond Series 1997B $20,000	(2)		1,661.00	
403-590-34-80-00	Water Project #SZ9014 ~$450,000	(2)		31,716.00	
403-590-95-70-01	Long Term Debt: Interest	(2)	31,716.00		
7-591-14-76-00	Industrial Park Loan BIZ OR #B01009	(2)		8,619.00	
7-591-83-83-01	Long Term Debt: Interest	(2)	8,619.00		
	To reclassify interest on debt service payments				
420-343-89-00-03	Monthly Space Rental	(3)	1,859.00		
420-574-90-49-05	Miscellaneous Expense	(3)		1,469.00	
420-574-90-31-01	Service Consumables	(3)		23.00	
420-508-80-00-51	Ending Fund Balance	(3)		367.00	
2-572-00-48-02	Repairs & Maint: Library	(3)		207.00	
2-508-00-10-00	Ending Fund Balance	(3)	207.00		
2-518-20-21-12	Maintenance Health Insurance	(3)		2,554.00	
2-518-20-22-12	Maintenance HSA	(3)		1,212.00	
2-508-00-10-00	Ending Fund Balance	(3)	3,766.00		
410-535-20-10-01	Administrator Wages	(3)		347.00	
410-343-50-00-00	Sewer Service Revenue	(3)		128.00	
410-508-80-00-44	Ending Fund Balance	(3)	475.00		
401-343-40-00-00	Water Service Revenue	(3)		37.00	
401-508-80-00-41	Ending Fund Balance	(3)	37.00		
	To remove obsolete outstanding items from cash balance				